



Sean Rogan  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

700 W. Main Street • Alhambra, CA 91801

Tel: 626.262.4511 • TDD: 626.943.3898 • www.lacdc.org

Hilda L. Solis  
Mark Ridley-Thomas  
Sheila Kuehl  
Don Knabe  
Michael D. Antonovich  
Commissioners

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

March 01, 2016

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

1-D March 8, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

Dear Commissioners:

**AUTHORIZE SALE OF VACANT COMMISSION-OWNED PROPERTY IN UNINCORPORATED  
HACIENDA HEIGHTS TO ABELL HELOU HOMES  
(DISTRICT 4) (3 VOTE)**

**SUBJECT**

This letter recommends the sale of a Community Development Commission (Commission) owned vacant land at 1236, 1244, and 1271 Galemont Avenue (Property) in unincorporated Hacienda Heights to Abell Helou Homes (Developer) for \$1,344,810. Due to changes in Commission policy regarding the funding of affordable housing within proximity to a freeway, the sale of this Property would remove the obligation from Commission to financially participate in the development of affordable housing units on the Property.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Executive Director, or his designee, to sell the Property to the Developer at the original sales price of \$1,344,810, in accordance with the purchase contract secured by the Developer when assigned to the Commission.
2. Approve and authorize the Executive Director, or his designee, to execute and record a Quitclaim Deed, and to prepare and execute any other documents necessary to complete the sale of the Property to the Developer, following approval as to form by County Counsel.
3. Find that approval of this action is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the action will not have the potential for causing a significant effect on the environment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of this action is to sell vacant Commission owned land located at 1236, 1244, and 1271 Galemont Avenue in unincorporated Hacienda Heights to Abell Helou Homes. The sales price of the Property will be \$1,344,810, which will allow the Commission to recapture \$1,144,260 in Affordable Housing Development Funds and \$200,550 in Community Development Block Grant (CDBG) funds originally used to purchase the Property in 2003 and 2004. The funds will be deposited into their respective source fund accounts to be used for future affordable housing developments and/or community development.

### **FISCAL IMPACT/FINANCING**

The Developer will pay \$1,344,810 to the Commission, which would refund the Affordable Housing Trust Funds and CDBG funds used for the original purchase. The original amount of \$200,550 in CDBG funds will be adjusted and returned to the program based on an appraisal of the Property to determine fair market value in accordance with HUD requirements. The remaining balance of funds will be returned to the Affordable Housing Development Fund.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In 2003, the Developer obtained site control of the Property for the purpose of developing affordable housing with land acquisition financing from the Commission. The Developer assigned the purchase and sale contract to the Commission for the sales contract price of \$1,344,810. The Commission proceeded to acquire the Property with Affordable Housing Trust Funds and CDBG funds. Both parties engaged in good faith negotiations to develop a financially viable structure that would create 24 dwelling units, with 50% of the total units reserved for low-income homebuyers.

Due to the recession and deflation in real estate values that occurred after 2007, the development of the project was deferred. During the hiatus in negotiations, the Developer worked on several designs with the Department of Regional Planning (DRP) in order to secure the necessary government approvals for the Property. In 2014, the Developer submitted a set of entitlement applications which included a Tentative Tract Map, Housing Permit, and Environmental Assessment. The Housing Permit requires a set aside of four low-income units, if approved. The costs associated with the entitlements and ongoing maintenance of the Property amounted to approximately \$940,000, all of which has been paid by the Developer.

During the time period that this Property's development was in hiatus, the Commission implemented a policy that disallowed the use of Commission financing to develop affordable housing projects within 500 feet of a freeway, which directly affects the Property because it borders the Pomona Freeway. As a result, both parties agreed to terminate negotiations and transfer the Property back to the Developer at the original purchase price of \$1,344,810. Even with the sale of the Property, if entitlements are granted as noted above, the Property will provide affordable housing opportunities to four low-income households.

### **ENVIRONMENTAL DOCUMENTATION**

The sale of the Property is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed action will allow for the Property to be sold to the Developer for \$1,344,810. Prior to this sale, a land appraisal will be completed in order to calculate any increase in fair market land value, in order to adjust repayment of CDBG funds in accordance with HUD program requirements. The remaining recaptured Affordable Housing Development Funds will be leveraged through the Commission's Notice of Funding Availability and generate additional low-income rental units in Los Angeles County. In addition, under the Developer's current development plan, the Property will provide affordable housing opportunities to four low-income households.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:CC:jr